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**FAMILIES HELPING FAMILIES**  
**OF NORTHWEST LOUISIANA**  
**SHREVEPORT, LOUISIANA**  
**JUNE 30, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11.5.03

***AUDITED FINANCIAL STATEMENTS***

FAMILIES HELPING FAMILIES OF NORTHWEST LOUISIANA

SHREVEPORT, LOUISIANA

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Independent Auditor's Report

October 22, 2003

The Board of Directors  
Families Helping Families of Northwest Louisiana  
Shreveport, Louisiana

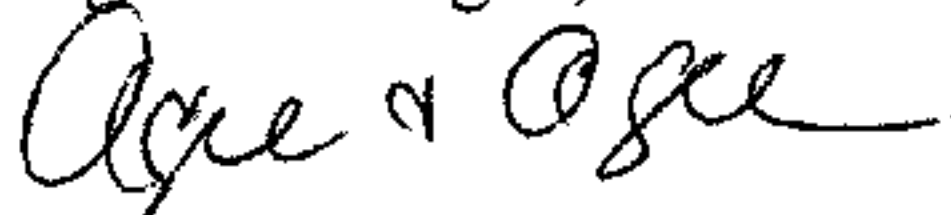
We have audited the accompanying statement of financial position of Families Helping Families of Northwest Louisiana (a non-profit organization) at June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Families Helping Families of Northwest Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Helping Families of Northwest Louisiana at June 30, 2003, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2003 on our consideration of the organization's internal control structure and on its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Agee and Agee, PC



Shreveport, Louisiana  
October 22, 2003

Families Helping Families of Northwest Louisiana  
Statement of Financial Position  
For the Year Ended June 30, 2003

**ASSETS**

Cash	\$43,240
Grants Receivable- Note 3	132,860
Deposits	<u>918</u>
	\$177,018
 Furniture & Equipment	 39,920
Less- Accumulated Depreciation	<u>(18,795)</u>
	21,125
 Total Assets	 <u><u>\$198,143</u></u>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$494
Salaries Payable	19,337
Accrued Compensated Leave	3,972
Payroll Liabilities	<u>7,102</u>
Total Liabilities	\$30,906
 Net Assets-unrestricted and undesignated	 <u>167,237</u>
 Total liabilities and net assets	 <u><u>\$198,143</u></u>

The accompanying notes are an integral part of the financial statements.

Families Helping Families of Northwest Louisiana  
Statement of Activities  
For the Year Ended June 30, 2003

	<b>Family Resource &amp; Referrals</b>	<b>Parent Support</b>	<b>Total</b>
<b>Public Support:</b>			
La Planning CDD	\$117,933		\$117,933
La OCDD	65,000		\$65,000
La DHH	71,948		\$71,948
La BCSS/ECSS	8,088		\$8,088
La CSHS		37,370	\$37,370
La Dept of Education		21,841	\$21,841
La OMH	4,500		\$4,500
Contributions	535		\$535
Fundraising, net of cost			\$0
Other (net of cost)	4,324		\$4,324
Total public support	<u>\$272,328</u>	<u>\$59,211</u>	<u>\$331,539</u>
<b>Expenses:</b>			
Salaries and benefits	118,099	28,691	\$146,790
Contract & professional srv.	3,238	675	\$3,913
Travel & Conferences	15,766	3,406	\$19,172
Rent	11,783	3,007	\$14,790
Supplies	6,946	3,684	\$10,630
Telephone & Postage	6,889	2,550	\$9,439
Insurance	1,996	121	\$2,117
Depreciation	2,137	1,286	\$3,423
Stipends	4,523	1,477	\$6,000
Other	9,028	1,414	\$10,442
Total Expenses	<u>180,405</u>	<u>46,311</u>	<u>\$226,716</u>
Change in Net Assets	91,923	12,900	104,823
Net Assets beg of year	<u>50,765</u>	<u>11,649</u>	<u>62,414</u>
Net Assets, end of year	<u><u>142,688</u></u>	<u><u>24,549</u></u>	<u><u>167,237</u></u>

Families Helping Families of Northwest Louisiana  
Statement of Cash Flows  
For the Year Ended June 30, 2003

**Cash flows from operating activities:**

Change in net assets	\$104,823
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in cash	27
Increase in Grants Receivable	(76,887)
Decrease in Accounts Payable	(24)
Increase in Prepaid Assets	(918)
Increase in Salaries Payable	12,552
Increase in Payroll Liabilities	3,994
Total adjustments	<u>(61,256)</u>
Net cash provided by operating activities	43,567

**Cash flows from investing activities:**

Payments for property & equipment	(19,247)
Depreciation	<u>3,423</u>
Net cash used by investing activities	(15,824)
 <u>Net decrease in cash and cash equivalents</u>	 27,743
 <u>Cash and cash equivalents at beginning of year</u>	 <u>15,497</u>
 <u>Cash and cash equivalents end of year</u>	 <u><u>\$43,240</u></u>

# FAMILIES HELPING FAMILIES OF NORTHWEST LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2003

1. Nature of Operations

Families Helping Families of Northwest Louisiana is a nonprofit service organization exempt from federal income taxation under Internal Revenue Code Section 501c(3). The purpose of the organization is to assist and strengthen families with disabilities in northwest Louisiana by providing a coordinated network of resources, support and services, while respecting the ethnic, cultural, and racial diversity of those families. Revenues are derived primarily from state government grants, under third-party reimbursement plans, for the following purposes:

- Family Resource and Referrals – provide an operations office and comprehensive family resource center that provides information, referrals, workshops, and peer support for families of individuals with developmental disabilities or special needs. Stipends to individuals with disabilities or their parents may also be provided, to enable them to attend certain workshops and conferences.
- Parent Support – provide assistance to parents of children with special health needs through training and information sharing.

2. Summary of Significant Policies

a. Financial Statement Presentation:

Families Helping Families is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are subject to classification and reporting as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. The Board may designate some unrestricted net assets for specific purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization, and/or by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, donor permit all or part of the income earned on these assets to be used for general or specific purposes.

There were no significant permanently restricted net assets at June 30, 2003 or for the year then ended. Temporarily restricted contributions for use in parent support were utilized per the grant during the fiscal year. There are no temporarily restricted funds at June 30, 2003.



b. Contributions:

Any contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to Families Helping Families, that is, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

c. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Cash Equivalents:

For purposes of the statement of cash flows, Families Helping Families considers highly liquid investments purchased with maturities of three months or less to be cash equivalents.

e. Furniture and Equipment:

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of five and seven years.

f. Functional Allocation of Expenses:

The costs of providing the various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefited.

3. Grants Receivable

Various funding sources provide reimbursement of allowable costs and payments on units of service in connection with the provision of services by Families Helping Families under various grant agreements. The continued existence of funding is based on annual contract renewals with funding sources.

Grants receivable are summarized by source, as follows:

Louisiana Department of Education	21,841
Louisiana Children's Special Health Services	5,925
Louisiana Office for Citizens with Developmental Disabilities	5,417
Louisiana Planning Council on Developmental Disabilities	16,481
Bayou Land Families Helping Families	5,080
Bureau of Community Supports & Services	1,667
Office of Public Health – SPOE	71,949
Families Helping Families- GNO	<u>4,500</u>
Total	<u>132,860</u>

4. Commitments:

Families Helping Families rents office space and its copier, under operating lease arrangements. The lease for the office space has a three- year term expiring in February 2005. Rent is currently \$800 monthly. Additional office space was leased June 2003 for the SPOE program. The rent is \$912 monthly until May, 2004. The copier is leased on a month-to-month basis. Lease commitments for office space at June 30, 2003 are as follows:

Fiscal YE 6/30	2004	19,632
	2005	6,400
Total		<u>26,032</u>

5. Conditional Promises

Conditional promises consist of the unfunded portions of approved governmental grants, either currently in effect or approved for commencement after June 30, 2003. Future funding of such awards is conditioned upon the organization's operation of certain programs, incurrence of certain costs, and possibly meeting matching requirements. Because these awards represent conditional promises to Families Helping Families, they have not been recognized in the financial statements. There were no conditional promises outstanding at June 30, 2003.

6. Compensated Absences

Families Helping Families implemented a paid time off/personal leave benefit for employees. Employees may accrue leave at the rate of one workday per month for a total of 12 workdays per year. An employee may not take the paid time off until reaching their one-year anniversary. An accrual was recorded recognizing the accrued leave at the fiscal year end.

7. Property, Plant and Equipment

Families Helping Families capitalizes all fixed assets. Assets are identified by the funding source since all contracts stipulate that title reverts to the governmental entity if the contract is not renewed. Two contracts specify purchases under \$250 be expensed when purchased.

## **OTHER REPORTS**

**AGEE & AGEE, P.C.**

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October 22, 2003

The Board of Directors  
Families Helping Families of Northwest Louisiana  
Shreveport, Louisiana

Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

We have audited the financial statements on Families Helping Families of Northwest Louisiana as of and for the year ended June 30, 2003 and have issued our report thereon dated October 22, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Families Helping Families' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. Noncompliance could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

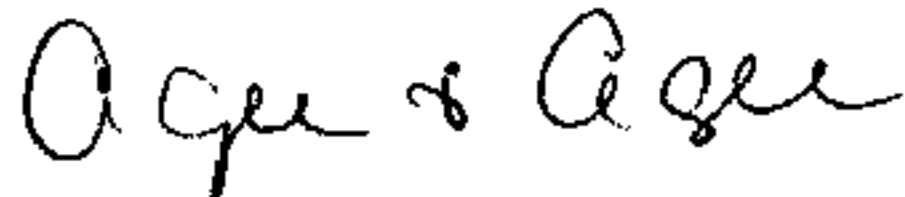
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Families Helping Families' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We noted two areas involving financial reporting that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal controls that could adversely affect Families Helping Families ability to properly report financial data. One reportable condition is described in the accompanying schedule of findings and questioned costs as item 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above to be a material weakness.

This report is intended solely for the information of management, awarding agencies and pass-through entities, and the Louisiana Legislative Auditor's office, and is not intended and should not be used by anyone other than these specified parties.

Agee and Agee, PC

A handwritten signature in cursive script, appearing to read "Agee & Agee".

Shreveport, Louisiana

October 22, 2003

FAMILIES HELPING FAMILIES OF NORTHWEST LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2003

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Families Helping Families of Northwest Louisiana.
2. One reportable condition was identified during the audit of the financial statements. It is considered a material weakness.
3. No instances on noncompliance were noted.
4. A single audit of Federal awards under OMB Circular A-133 was not required.

**B. FINDINGS AND QUESTIONED COSTS- FINANCIAL STATEMENT AUDIT**

Finding 03-1

Due to the loss of accounting personnel prior to the fiscal year-end, the Executive Director currently has responsibility for all the accounting and administration of the grants. Several new contracts were implemented in June requiring additional resources. Some of the problems noted were lack of timely bank reconciliations and filing of 2<sup>nd</sup> quarter payroll tax reports. There is little segregation of duties at this time due to the personnel shortage.

We strongly recommend management to hire a qualified accounting clerk to perform the necessary accounting needs and assist with the administration of the contracts. Otherwise, consideration should be given to outsourcing the function.

FAMILIES HELPING FAMILIES OF NORTHWEST LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2003

FINDING 02-1

Families Helping Families prepares monthly invoices for services provided for various funding sources. Some of the contracts are Fee for Service and others are actual costs incurred. Costs were incorrectly classified between the funding sources in the accounting system but properly invoiced to the funding sources for reimbursement.

In all cases, the records were adjusted to reflect the activity properly charged to the grant.

Management has reviewed monthly activity within the accounting software to ensure proper classification of the expenses.

FINDING 02-2

Telephone expenses are allocated to the various funding sources using a percentage derived based upon historical usage. Some of the expenses were reallocated during the year. The net effect on any of the programs was negligible.

Management has established an allocation method and applied it consistently.

FAMILIES HELPING FAMILIES OF NORTHWEST LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2003

Finding 03-1

Administration at Families Helping Families is in the process of hiring an Administrative Assistant who will be responsible for accounting duties and assistance with contracts. Although we have policies in place that segregate these duties there has been a personnel shortage. Once the position is filled, we will adhere to the policies.